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COPY NO 39

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

49161

DAILY DIGEST

Date: APR 20 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"B" USSR. MacArthur Episode Unlikely to Affect Compromise in Korea. A Soviet official in Western Europe has allegedly commented that: (1) the dismissal of Gen. MacArthur represents a victory for the "peace" forces and (2) will not make possible a compromise unless US forces leave Korea. A solution on other terms is impossible as both the USSR and Communist China would have no valid argument to give their people. The Soviet official stated that the present unfavorable position of Chinese troops in Korea is transitory but that the entry into Korea of troops, now in training, will change the picture. [REDACTED] COMMENT: Although this may be only a personal estimate of Sino-Soviet intentions, the present military trend in N. Korea tends to support the report. Should the USSR and Communist China wish to negotiate regarding Korea, the dismissal of Gen. MacArthur might afford a convenient opportunity on which to peg such negotiations without "losing face." However, Soviet propaganda reaction to MacArthur's dismissal indicates that no such move is contemplated at this time.

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"B" EASTERN EUROPE. ALBANIA. Vice Premier Jakova in Difficulties. According to Albanian emigre circles in Rome, Vice Premier Tuk Jakova was accused of anti-Sovietism at a meeting of the presidium of the Central Committee of the Albanian Worker's Party (Communist) held on 19 and 20 March. At the meeting Jakova was allegedly charged with negligence, collaborating with anti-Communist resistance since 1946, protecting the clergy and releasing known anti-Communists from prison. It is reported that Jakova admitted all the charges and was subsequently relieved of his posts as Vice Premier and chief of the Soviet-Albanian Cultural Union. He is reported to be in prison together with former Minister of Justice Manol Konomi, and CP cadre director Theodor Rebo who are charged with disobeying orders and protecting spies. The same report forecasts a widespread purge of the Albanian Communist Party. [REDACTED]

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COMMENT: The French Minister in Tirana has reported that Jakova was among those in the Communist hierarchy who disagreed with Shehu over the implementation of the harsh law against terrorist activities decreed on 26 Feb. (See OOI Daily Digests of 31 Mar and 2 Apr 51). For more than a year rumors have been in circulation that Jakova was in secret contact with the Tito government.

"A" POLAND. Anti-Soviet Incident in Stettin. The US Emb in Warsaw has received a report from two reliable sources of a riot in Stettin on 9 Apr 1951 following the street killing of two Polish civilians by a Russian officer. As a result of the killing, a crowd immediately began collecting and stoned the Russian, who, after killing three more Poles, sought refuge in a nearby cellar. The crowd demanded that Polish militiamen present shoot the Russian, but the militiamen refused. The crowd then became incensed, shouting that

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the militiamen could and did use their arms against Poles but could not even against a Russian murderer. To prevent the crowd from attacking the Russian officer, the militiamen fired into the air, with the result that the crowd attacked them, killing at least three militiamen and wounding others. The demonstration was finally quelled by the Army which surrounded the area and arrested some two thousand persons. The US Envoy pointed out that because of the complete control exercised by the Polish authorities through fear and suppression no rumors regarding this incident are current in Warsaw. (S Warsaw 820, 19 Apr 51). COMMENT: This incident, if it actually happened, is indicative of the bitter hatred by the Poles of the Russians and their Communist tools in Poland. Previous reports of popular unrest and labor difficulties in Stettin have been received. (See OCI Daily Digest of 28 Mar 51).

"B"

Emigration of Jews to Israel Stopped. The Israeli Charge d'Affaires in Warsaw has been informed by the Polish Ministry of Foreign Affairs that the Polish Government will no longer permit the emigration of Polish Jews to Israel. The reasons advanced for this decision were Poland's manpower needs for the Six-Year Plan and Israel's alignment against Poland in the present tense international situation. According to the Israeli Charge, Polish Government officials desire to retain a strong Jewish community in Poland which they hope to transform into a loyal Communist bloc. Until 12 Feb 1951 when the last emigrants were permitted to depart for Israel, approximately 28,000 Jews out of an estimated 65,000, had migrated to Israel from Poland. (S Warsaw 821, 19 Apr 51). COMMENT: Since last July the Polish Government has unofficially restricted Jewish emigration to Israel, not even permitting professional men such as doctors and engineers to leave. This announcement by the Ministry of Foreign Affairs puts the official stamp on a policy which was already in effect.

"B"

YUGOSLAVIA. Yugoslavs Brand Satellite Provocations as Soviet-Directed. Belgrade Radio, citing the growing wave of satellite notes and border provocations, charges that these incidents are being instigated by the USSR to create the impression that Yugoslavia is conducting an aggressive policy in the Balkans. A second ulterior motive of the Soviet Union, according to Belgrade Radio, is to make use of the situation within Albania, which is being exacerbated by agents of reactionary Albanian emigres and their imperialist friends in the West, in order to exert pressure on Yugoslavia. The radio broadcast reiterates the Yugoslav stand that these machinations against Albania create a pretext for armed aggression against Yugoslavia. (R FBIS, 19 Apr 51). COMMENT: As the recent series of diplomatic notes and border incidents has developed, Yugoslav propaganda organs have increasingly stressed that these provocations are not isolated acts, but are part of a concerted Soviet-directed anti-Yugoslav campaign. Yugoslav efforts to pin-point each of these incidents as part of an overall campaign are probably intended to prepare the Yugoslav people for any eventuality, as well as to justify the acceptance of arms aid from the West.

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np" Czechs Closing Yugoslav Consulate in Bratislava and their Own in Zagreb. The Czechoslovak Govt is closing its Consulate in Zagreb on 1 May and has demanded that the Yugoslav Govt close its Consulate in Bratislava by the same date. In a note dated 18 April the Yugoslav Govt has announced that it will suspend the work of its consulate in Bratislava on 1 May, but protests this action as a new expression of Czechoslovakia's hostile policy whose aim is to bring about further worsening of relations between the two countries. (R FBIS, 19 Apr 51). COMMENT: The Czechoslovak Consul General was withdrawn from Zagreb in Dec 1948 and the Consulate has been operated since that time by one clerk. The Czechoslovak Govt recently demanded that the French Consulate in Bratislava also be closed. The Czechoslovak action is not only another provocative action against Yugoslavia, but is another step in the program to reduce non-Soviet influence in Czechoslovakia.

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SECTION 2 (EASTERN)

- "C" AFGHANISTAN. Prime Minister's Visit in Washington. An extensive program for the entertainment of the Afghan Prime Minister, Shah Mahmoud, has been arranged for the days he will spend in Washington, beginning 20 April. (R State to Kabul 257, 18 Apr 51). COMMENT: Although the Prime Minister is visiting Washington unofficially, the attention given him will undoubtedly have favorable repercussions in Afghanistan.
- "B" PAKISTAN. Little Hope for Early Solution of Afghan-Pakistani Dispute. Colonel Shah, Pakistan specialist in Afghan affairs, upon return from Afghanistan where he had been discussing Afghan-Pakistani relations, informed US Embassy that no progress had been made. Colonel Shah feels that most of the tribal Afghans are fanatical Sunnis, more interested in the Kashmir situation than in the maintenance of the present Kabul regime (which has been advocating Pushtoonistan). Colonel Shah, a Pathan himself, reportedly feels that the GOP should subsidize Afghanistan, admitting that it could not be depended upon to solve the problem but that it was the best immediate compromise. (C Karachi 972, 18 Apr 51 - See also OCI Daily Digests, 26 Mar and 6 Apr 51). COMMENT: The US Government in early November offered its good offices to help promote a settlement between the two countries. Pakistan has insisted that in any conference with Afghanistan the Pushtoonistan issue would not be included on the agenda, its position being that the tribal areas which were part of India before partition are automatically part of Pakistan. Afghanistan has insisted that Pushtoonistan be discussed. The opinion of most neutral observers is that, while both Pakistan and Afghanistan have been at fault in the frontier dispute, Afghanistan bears the major onus for the present situation, due chiefly to its intransigency and its anti-Pakistan propaganda in the tribal areas. It has long been suspected, moreover, that the Indian Government has either directly or indirectly supported Afghanistan obstinacy in this matter. Obviously any attempt on the part of Pakistan to subsidize the Afghan Government or any elements inside Afghanistan would be precarious and would probably produce unfavorable repercussions; consequently, it is anticipated that the dispute will remain unsolved.
- "C" INDONESIA. Masjumi-PNI Coalition Probable. Mohammed Roem, a key Masjumi (Moslem) Party leader, told US Ambassador Cochran that so much ground for agreement exists between the Masjumi and the Indonesian National Party (PNI) that it should be possible to form a coalition government at an early date. He said that views of the two parties are so similar on most issues that the policy of the prospective government would differ little from that of the last one, which was formed by the Masjumi. Roem confided that President Soekarno is responsible for some of the remaining differences between the two parties, since it is he who has prodded the PNI to insist upon a denouncement of the Netherlands-Indonesian Union. The Masjumi

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prefers to await the report of a special government mission currently studying Netherlands-Indonesian relations before committing itself to a definite position on the issue. (C Djakarta 1458, 19 Apr 51). COMMENT: Upon the failure of Sartono of the PNI to form a cabinet, President Soekarno appointed as joint cabinet formers the chairmen of the Masjumi and the PNI. Support of both parties--which are the two largest in Indonesia--is essential for the formation of a stable government.

"A" CHINA. USSR Ranks Foremost in China's 1950 Foreign Trade. A Peiping broadcast of 8 April announced that Communist China's foreign trade in 1950 was several times greater than in 1949 and that the USSR was the principal trading partner of China. According to the broadcast, nearly a quarter of China's total foreign trade in 1950 was with the USSR, as compared with only 8 percent the previous year. (C FBIS, Far East Information Abstracts from Radio Broadcasts, 16 Apr 51). COMMENT: Independent sources confirm the high level of Communist China's foreign trade in 1950 - estimated at between US\$1 billion and US\$1.5 billion. Even allowing for the higher price level in 1950, this total compares favorably with the value of China's foreign trade - US\$700 million - under the National Government in the peak post-war year of 1947. Although its foreign commerce in 1950 was still mainly with the West, China has, like the Eastern European satellites, come to depend increasingly on the USSR as a market and source of supply. This orientation of China's trade toward the USSR has been promoted by a credit agreement in February 1950 and by subsequent barter arrangements.

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"C" Alleged Sino-Soviet Treaty. [REDACTED] forwards a summary of a purported Sino-Soviet treaty allegedly signed by Molotov and MAO Tse-tung in December 1950. The principal points relate to (1) "acquisition of all Southeast Asia" by Chinese forces under Soviet direction; (2) "occupation of all Korea," using satellite forces if necessary; (3) Soviet provision of 3000 aircraft, plus naval craft and other materiel; (4) assault on Taiwan, at Peiping's discretion; (5) occupation of Kowloon portion of Hong Kong; and (6) completion of arrangements for above program by end of August 1951. [REDACTED] notes that "source warns that a fake treaty was prepared and permitted to leak out," whereas this treaty is "believed to be genuine."

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COMMENT: Alleged copies of secret Sino-Soviet treaties have been periodically provided by Chinese (principally Nationalist) sources for years; they have invariably been proven or judged spurious. Such documents--usually compilations of plausible rumors--gain credence from the presumed existence of unpublished Sino-Soviet agreements relating to their respective roles in the 'liberation' of Asia and in preparing for global hostilities. Source's "warning" demonstrates his awareness of the volume of earlier fabrications, but lends no greater credibility to his own version. It is regarded as most improbable that any such source will be in a position to provide a "genuine" copy of top-secret Sino-Soviet agreements.

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"C" CHINA. UK Korean Forces to Garrison Hong Kong. The announcement that Hong Kong's 28th Brigade would replace the 27th Commonwealth Brigade in Korea and that the 27th would return to garrison Hong Kong is considered as an indication that no increase in local forces is expected in the near future. The relief in Korea was scheduled to take place, by battalions, between 19 April and 9 May. While the return of the 27th will provide Hong Kong with battle seasoned troops, the possibility exists that morale and disciplinary problems will arise because the 27th had earlier expected to return to the UK, and because it will now garrison an area surrounded by Chinese, a people with whom they have recently been in combat. (S Hong Kong, Joint Weeka 15, 13 Apr 51). COMMENT: A recent statement by Maj. Gen. Evans, commander of Hong Kong land forces, expressing complete confidence in ability of present forces to "meet and obliterate" any Chinese ground attack, suggests the possibility that reinforcements for the area are not considered necessary at this time.

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"C" Attacks on Off-shore Islands Predicted. [REDACTED]

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[REDACTED] states that (1) the Chinese Communists are making preparations for seizure of Nationalist-held islands off Chinese coast, but have no concrete plans for either ground or air attacks on Taiwan at this time; (2) a paratroop exercise took place recently in North Manchuria; (3) 60% of Red troops in Tibet have been withdrawn and sent to Yunnan's Indo-China border and to Manchuria; and (4) by Soviet advice, the number of students in military universities is rapidly being increased in preparation for organizing special divisions which, when necessary, will participate in military ventures outside Korea under a "volunteer" label. (S Hong Kong 3058, 18 Apr 51). COMMENT: Attacks have long been anticipated on certain off-shore islands still held by the Nationalists. There have been several reports of paratroop activity in Manchuria and China proper. The shift of the 18th Army Group from the Tibetan area to Korea has been confirmed. The above is the first report received on organization specifically of students into "volunteer" divisions.

"A" KOREA. Jets Reported in North Korean Air Force. An Air Force operational summary reporting clashes on the Sino-Korean border between UN and Communist aircraft on 16 April, states that two of the MIGs engaged in the air battle had North Korean markings "consisting of a red star encircled by a red band, and a blue band as the exterior circle." (S FEAF Tokyo AX 6431, 17 Apr 51). COMMENT: This is the first observation of MIGs with North Korean markings; heretofore it has been believed that all jets in combat in this area were flown by the Chinese Communist Air Force (and possibly by Soviet pilots).

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SECTION 3 (WESTERN)

- "C" GERMANY. Berlin Communist Party Censured. US representatives in Berlin report recent signs that the east German Communist Party (SED) is dissatisfied with the performance of its Berlin branch. The SED paper Neues Deutschland has detailed various "weaknesses" of this branch, particularly in west Berlin, charging it with (1) insufficient propaganda work, (2) failure to exploit the grievances of workers and citizens, and (3) retreating before the "war-mongering" prevalent in west Berlin. The organization was especially censured for holding its meetings in east Berlin, when it is allowed to hold them in the western sectors without reporting to the police or obtaining special permission. (C Berlin unnumbered, 11 Apr 51). COMMENT: This is the first recent indication of SED dissatisfaction with its Berlin branch and comes in the wake of recent purges within the west German Communist Party.
- "B" FRANCE. Communists Retain Control of Railway Unionists. The Communist-dominated General Labor Confederation (CGT) is maintaining its strong position among national railway workers judging from a recent election which gave CGT candidates two-thirds of the votes cast. Non-Communist union leaders believe wage discontent explains the CGT's ability to retain labor's support despite increasing worker distrust of CGT political activity. (R Paris 6354, 19 Apr 51). COMMENT: Support for CGT delegates is not an accurate gauge of Communist strength, particularly in the railways where the CGT was unable to secure decisive support even in the course of the major 1948 strike campaign.
- "B" AUSTRIA. WFTU Transfers Its Headquarters to Vienna. The Communist-dominated World Federation of Trade Unions (WFTU) has decided to transfer its headquarters from Paris to Vienna, following the recent ban by the French Government on further Paris meetings. The Federation's secretariat declares that Vienna was chosen for its favorable location, and for the "cordial welcome which the Austrian workers are sure to give the Federation." The Viennese Communist paper calls the development a "great distinction" and "moral aid" for Austrian workers who, it is sure, will do all possible to show themselves worthy of the high honor. (U Vienna 2388, 19 Apr 51). COMMENT: Transfer of this Communist-front organization to Vienna may make additional difficulties for the Austrian Government, already under pressure from labor, which is restive over economic conditions and open to exploitation by the local Communist Party.
- "C" ITALY. Communist Move to Force Resignation of the Government Defeated. On 17 April the De Gasperi Government received a vote of confidence

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from Parliament, 308 to 150 with 18 abstentions. The Chamber of Deputies' debate concerned the constitutionality of the Prime Minister's appointment of pro-tem Cabinet ministers to replace the three Saragat Socialist representatives who recently resigned. The Monarchists, neo-Fascist Italian Social Movement and anti-Communist Unitary Socialists (PSU) abstained from voting on the Togliatti motion which criticized the Government for not resigning at the time and called for Italy's withdrawal from the NATO. These parties, the Liberals and perhaps even some Christian Democrats reportedly would have supported another motion, presented by the philo-Communist Nenni Socialists (PSI), which was not put to a vote. This motion merely declared the Cabinet rearrangement unconstitutional and thus would have amounted to a vote of censure. (R Rome 4722, 18 Apr 51; R FBID, 17 Apr 51, 18 Apr 51; U NY Times, 18 Apr 51). COMMENT: The support which the PSI motion found among deputies of the non-Communist parties outside the Government is indicative of the increasing resentment of these parties at what they regard as high-handedness on the part of De Gasperi's Christian Democrats. The possibility of some Christian Democratic support for a vote of censure is consistent with recent evidences of dissension within the party. US observers report diminishing support for the Christian Democrats and a growing anti-clerical feeling among the general population which may show up in the form of absenteeism from the polls at the forthcoming municipal elections.

"B" SWITZERLAND. Swiss Construction of Centurion Tanks to Fill Important Defense Gap. The British Foreign Office has informed a US Embassy official that the Swiss have been authorized to manufacture Centurion tanks under license. (S State Desp 4644, 30 Mar 51). COMMENT: For many months the Swiss have been trying to obtain approximately five hundred up-to-date tanks. The acquisition of Centurion tanks by the Swiss army will overcome one of the most serious weaknesses in Swiss defenses. The decision by the Swiss to manufacture their own tanks indicates that the Swiss have given up hope of obtaining this weapon from the US.

"C" CHILE. Communist Party Purge. A high-ranking member of the Communist Party of Chile (PCCh) has stated that a purge is being carried out by the Central Committee, and that many names are "on the list". The purge began following discovery of a movement--reportedly led by Luis Reinoso, important and trusted party member in charge of organization and labor matters--which was directed against PCCh Secretary General Galo Gonzalez. One Santiago radio commentator claims that the purge is a result of a "strong Titoist movement", and a party member has remarked that nationalism has taken "strong root in Chilean Communism". The Central Committee is investigating the youth element, "which is considered to be the principal focus of rebellion aimed at exerting pressure on the Committee to change its underground policy".

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Several members including Reinoso have been expelled. [REDACTED]

COMMENT: The present purge may reflect the existence of a hardening, but as yet unmeasured, opposition to Gonzalez's leadership and policies, which have evolved in the past year. Reportedly the PCCh Political Commission recently decided to seek new blood to replace many old-timers. Dissatisfied Communist elements have included some old-line militants who, displeased generally with the Gonzalez leadership, have been concerned with national problems, a group of Trotskyites, and anarchists who favor positive direct action. Past information has indicated that the Communist youth generally has supported Gonzalez. It is possible that the present tendency for many party leaders to demand strict fulfillment of better defined instructions after a year of vacillating policy has caused disgruntled elements to collaborate in a movement which may have influenced segments of the Communist youth.

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"B" CUBA. Encouragement of Soviet Orbit Individuals to Return to their Homeland. The Soviet Legation in Habana is showing considerable interest in obtaining the names and addresses of individuals who have Soviet or satellite connections and who are planning to return to their respective countries within the Soviet Orbit. Reportedly financial help is being offered to these individuals. Those persons who plan to return from Canada, Alaska, and Mexico are of special interest in this campaign. Upon return to their homeland, they are registered with the peoples' army for "special services". [REDACTED]

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COMMENT: Some of these individuals would undoubtedly prove a fountainhead of information about their respective countries. Many of them sympathetic with the Communist cause could, after proper indoctrination within the Soviet Orbit, return to their former countries of residence in the Western Hemisphere to carry out Soviet intelligence and other objectives.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT S/S CABLES

20 April 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"A" UK Willing to Concede To Soviet on Agenda. The UK Government feels that "if an agreed agenda can only be obtained at the price of concessions to the Soviet government, which in (the UK) view are harmless, then these concessions should not be refused", according to a written exposition of the British position by the chief of the UK delegation. The UK holds that even if the Soviet position were accepted on initial listing of German disarmament and on the order for discussing reduction and level of armaments, Soviet propaganda would be unable to deflect the Western powers from continuing their declared policies. Western concessions should be presented in a group to the Soviets to see if agreement could not thus be more quickly reached. Only if such a move failed could the UK even consider adopting a "split agenda" between Soviet and Western proposals. In a later discussion, the UK delegate expressed his view that greater harm to the West would ensue from the breakdown of the talks than from adoption of a Soviet-slanted agenda. The French and US delegations continue to oppose this British approach. (S, S/S Paris 6328, 19 Apr 51; S, S/S Paris 6337, 19 Apr 51). COMMENT: This is the clearest statement yet presented of the UK position, which regularly has minimized the importance of the order of items on the agenda as compared to the demand of the British public opinion for an effort to reach agreement with the Soviet Union through the convening of a Foreign Ministers' Conference.

"B" Possibility USSR Considering Breakdown of Meeting. The Chief of the US delegation suggests tentatively that the Kremlin may now be debating the fundamental question of whether or not to continue the conference. Ambassador Jessup notes that in this case the standard Soviet procedure would be a violent propaganda blast from Gromyko in the near future which would make it plain that there was no hope of agreement while asserting Western responsibility for the deadlock. Mr. Jessup suggests that the Soviet Government might then propose the Five Power Conference (i.e. including Communist China) which has received such increasing prominence in Communist propaganda. (S, S/S Paris 6346, 19 Apr 51).

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SECTION 2 (EASTERN)

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"C" CHINA. Soviet Atomic Energy Program in Sinkiang.

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claims that (1) 10,000 tons of equipment has arrived at Ili for establishing an atomic energy plant, (2) Pontecorvo, an atomic scientist who has been missing from the UK since February, and several Soviet atomic scientists are at Tihua, and (3) the Soviets are making a determined search for uranium in Sinkiang Province. Meanwhile, according to a rumor reported from Trieste, Pontecorvo is allegedly directing the building of a uranium concentrating plant in Czechoslovakia.

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COMMENT: Pontecorvo's present activities are not reliably known but he is presumably working for the USSR atomic energy project. It is doubtful that the USSR plans to build an atomic energy plant in Sinkiang. Its program in that remote province will more likely be limited to the development of Sinkiang as a source of uranium ore. The equipment mentioned by the MND may be used in connection with Soviet plans to mechanize the mining of uranium in Sinkiang, where low-grade deposits are known to exist.

SECTION 3 (WESTERN)

"B" FRANCE. Serious Tension in Relations with the US. US Ambassador Bruce in Paris reports the imminence of a "very damaging crisis" in US relations with France over the amount and method of assistance to the French rearmament program. Foreign Minister Schuman has told him that the Cabinet is "puzzled and resentful" over the situation and has scheduled discussions fraught "with difficult and unfortunate implications". The Ambassador believes that an "urgent necessity" exists to eliminate this "dangerously surcharged atmosphere" in view of: 1) Gaullist criticisms of French "subservience" to the US; 2) the "probable approach" of a Foreign Ministers' Conference; 3) the continual negotiations with the French over military installations; and 4) the many other major political objectives requiring a French trust in US leadership which "simply does not exist at present". This situation, according to the Ambassador, stems primarily from conflicting interpretations of the military assistance agreement reached last October in Washington and from misunderstandings of unilateral actions taken by both Governments under that agreement. (T/S, S/S Paris 6304, 18 Apr 51). COMMENT: Previous reports on disagreement over this matter have been received, but the tone of extreme urgency in the Ambassador's message is unexpected. The French Government has recently been resentful also that it was not included in strategic US talks with the UK, and many French officials, probably including DeLattre, fear US influence in Indochina as a result of the ECA program in that area. The highly individualistic temperament of the French nation,

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moreover, increases the effectiveness of Gaullist and Communist attacks in this pre-electoral period on the Government's policies of military collaboration with the US. The reported developing "crisis" in US-French relations further impedes development of the French military production program, from the outset under severe handicaps. There is little danger, however, that France's firm orientation toward the West or its basic desire to strengthen Western defense will be weakened.

"C" GERMANY. Germans Indicate Desire for Defense Progress. West German State Hallstein has told US Ambassador Bruce in Paris that the Big Four preliminary conference in Paris and the possibility of a Conference of Foreign Ministers were, in his opinion, more instrumental in postponing concrete progress toward a German defense contribution than the wording of any particular item in the agenda of the German-Allied discussions. Hallstein repeatedly emphasized Chancellor Adenauer's strong desire to find some means of acting, instead of just talking about German rearmament. (C, S/S Paris 6347, 19 Apr 51). COMMENT: The German-Allied defense talks have been confined to "hypothetical" plans, pending the outcome of four-power negotiations, and basic Western Allied decisions on West Germany's political status. French objections to a German army will be equally effective in delaying progress on a German defense contribution. West German leaders continue to fear Western Allied concessions at Germany's expense at a Big Four Conference.

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